For the following economy, answer questions 1 – 6. You may complete this with a partner. If you choose to do that, discuss the answers together and then alternate who writes each answer. (One of you do the even's, the other do the odds.) The total value of points is 10, which will be multiplied by 2 to make the assignment out of 20 points.

Acirema

Population: 300 million
Labor Force (2012): 198 million
Unemployed in (2012): 16 million
CPI 2010: 214
CPI 2011: 218
CPI 2012: 220
Nominal GDP 2010: $14 trillion
Nominal GDP 2011: $14.25 trillion
Nominal GDP 2012: $14.40 trillion

      Acirema is an extremely diverse economy with a strong service sector and a rich history of entrepreneurship, innovation, and manufacturing. The citizens enjoy spending money, but recently have been somewhat reluctant to do so - though there are signs which indicate that is beginning to change. Businesses are also indicating an interest in expanding and hiring people, but they are waiting to see the next round of economic data before doing so, meaning that the sluggish economy is keeping many out of work, even though the workers are quite skilled.

Tasks:
1. Calculate the unemployment rate for Acirema. (1pt)
2. Explain what has happened to the rate of inflation since 2010 and support your conclusion with numbers. (2pts)
3. Using 2010 as your base year (comparison year), in which year was Real GDP at it's highest? (1pt)
4. Evaluate Acirema's economic growth over the last three years (strong, weak, average, etc) and explain. (2pts)
5. Other than seasonal, identify two types of unemployment likely found in Acirema and justify your answer. (2 points)
6. Draw a correctly labeled business cycle that illustrates Acirema's economic story over the last 3 years. (2 points)

BONUS (2pts possible)
Calculate Acirema's Real GDP per capita in 2012. How does this RGDP per capita compare to other countries of the world? (as in relatively high, middle, or relatively low) (NOTE:Look up real data!!!!!)

FORMULAS:
Unemployment Rate: (#UNEMPLOYED / #LABOR FORCE) X 100
Inflation Rate: ((CPI recent year – CPI older year) / CPI older year) X 100
Real GDP: (Nominal GDP year X/CPI year X) x CPI Comparison Year
Growth Rate: (RGDP recent year – RGDP older year) / RGDP older year X 100